

FISCAL IMPACT STATEMENT ON BILL NO. **H4662, AS AMENDED**
(Doc. No. 27062bb08.doc)

TO:	The Honorable John E. Courson, Chairperson, Senate Education Committee		
FROM:	Office of State Budget, Budget and Control Board		
ANALYSTS:	Trey Kannaday		
DATE:	May 27, 2008	SBD:	2008216

AUTHOR:	Representative Walker	PRIMARY CODE CITE:	59-18-100
SUBJECT:	Education Accountability Act		

ESTIMATED FISCAL IMPACT ON GENERAL FUND EXPENDITURES:
See Below

ESTIMATED FISCAL IMPACT ON FEDERAL & OTHER FUND EXPENDITURES:
See Below

BILL SUMMARY:

House Bill 4662, as amended, changes the Education Accountability Act to revise the manner in which schools are assessed and accredited and to provide for designation to signify varying levels of school academic performance.

EXPLANATION OF IMPACT:

There is a fiscal impact associated with numerous sections of the Bill. A synopsis of the impact is summarized as follows.

Education Oversight Committee (EOC)

The EOC is required to perform several functions pursuant to Sections 59-18-320 and 59-18-900. These functions include item pool review, determining public expectations, and publication and professional development. The EOC estimates this Bill will have a fiscal impact in the amount of \$175,000 in FY 2008-2009, \$639,000 in FY 2009-2010, and \$33,000 in FY 2010-2011. All of these costs are recurring expenditures, with the exception of \$500,000 in FY 2009-2010 for the establishment of student performance levels.

State Department of Education

Sections 59-18-310(A)-(C) of the Bill requires the State Department of Education (SDE) to develop or adopt a statewide assessment program in grades 3 through 8 in the subjects of English/language arts, mathematics, science, and social studies. Although the statewide assessment program is to be first administered in 2009, the student performance targets must be established following the 2009 administration. SDE estimates the recurring cost associated with this section to be \$342,531.

Section 59-18-310(E) of the Bill requires the State Board of Education to create a statewide list of formative assessments that provide diagnostic information in English/language arts and mathematics. The Bill specifies the assessments are to apply to grades one through nine. However, the Bill allows the districts to determine whether to implement the assessments. Therefore, the estimated recurring cost is \$2,203,800 if all districts choose to implement the assessments in grades 1-9. If all districts choose to implement the assessments in grades 3-9, the estimated recurring cost is \$887,400.

Regarding report cards listed in Section 59-18-110 *et seq.*, SDE estimates there will be a savings of \$380,563. The Bill also eliminates first and second grade readiness tests at an estimated savings of approximately \$120,000.

LOCAL GOVERNMENT IMPACT:

None.

SPECIAL NOTES:

Final EIA Technical Assistance was reduced by \$4.7 million for FY 2007-08 based on the Board of Economic Advisor's revised revenue estimate. Regarding technical assistance listed in Section 59-18-1500 *et seq.*, SDE previously estimated there would be no fiscal impact, contingent upon the adoption of Proviso 1A.42 and deletion of Proviso 1A.60 as contained in the House Ways and Means Committee version of the FY 2008-2009 Appropriations Act. Proviso 1A.42 was adopted and Proviso 1A.60 was deleted. However, Proviso 1.79 relating to technical assistance was also adopted and the Department estimates it will have a fiscal impact of approximately \$1 million.

SDE also requested in their FY 2008-2009 budget request \$2,275,553 for external review teams. However, this request is not directly related to the language of House Bill 4662.

<u>HOUSE BILL 4662</u>				
Summary of Fiscal Impact				
<u>Code Section</u>		<u>FY2008-09</u>	<u>FY 2009-10</u>	<u>FY 2010-11</u>
59-18-320	EOC-Subject Review	\$129,000	\$566,000	\$0
59-18-1560	EOC-Public Expectations, etc	\$46,000	\$48,000	\$0
59-18-900	EOC-Growth, Simulation	\$0	\$25,000	\$33,000
59-18-310	SDE-Statewide Assessment	\$342,531	\$342,531	\$342,531
59-18-310	SDE-Formative Assessment*	\$0	\$2,203,800	\$2,203,800
	TOTAL	\$517,531	\$3,185,331	\$2,579,331

Approved by:



Harry Bell
Assistant Director, Office of State Budget